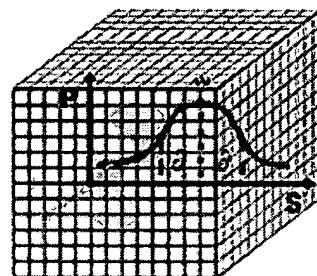


## Marrying Mathematical Precision and Merchandising Intuition to Maximize Gross Profit



### Monte Carlo Simulation

TSI is a team of PhD's and mathematical modeling experts from Harvard and MIT that helps retailers maximize gross profit and reduce inventory investment risk. We develop and implement custom mathematical models to solve high-leverage merchandising and inventory productivity issues. Our expertise includes:

- Optimizing the financial impact of markdowns and promotions.
- Determining the optimal allocation of inventory investments across distribution channels (i.e., stores, Internet, and catalog) to maximize profitability.
- Mitigating the risk/return tradeoff of initial inventory investments.
- Optimizing store-level allocations to enhance the probability of maximum gross profit.

TSI's advanced risk analysis, data mining, and mathematical modeling capabilities enhances the precision in the way retailers and suppliers manage their businesses, making merchandise management more of a science and less of a high-stakes gamble.

**The results—increased gross margin dollars, decreased markdown rate and more predictable performance.**

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► ["Best Buy Refines Inventory Processes," Executive Technology - August 1999](#)

► [Federated Department Stores Selects TSI Gross Profit Optimization Solution - 7/15/99](#)

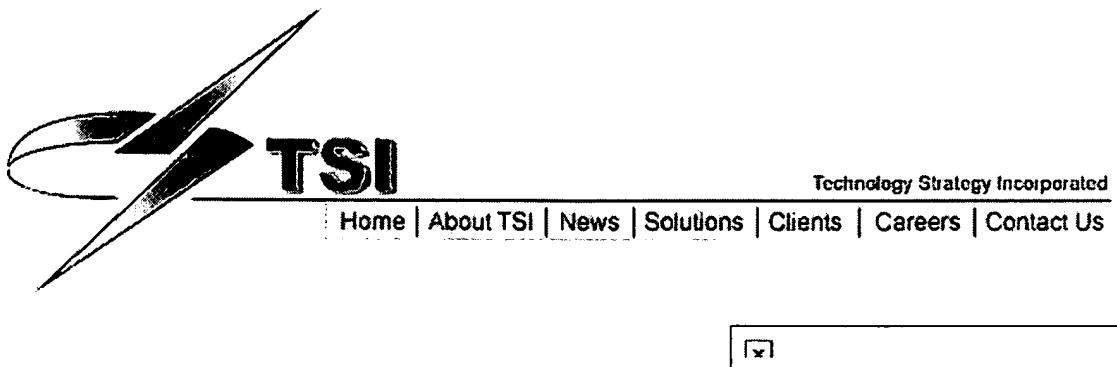
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## Press Release

Cambridge, MA, November 17, 1999

*FOR IMMEDIATE RELEASE*

### **TSI, 230th Fastest Growing Tech Company in the U.S.**

Technology Strategy Inc. (TSI), a leading provider of mathematical solutions to optimize inventory investment and pricing strategies for retailers, today announced that they have been named to the 1999 Deloitte and Touche Technology Fast 500, the annual ranking of the five hundred fastest growing technology companies in the United States. Ranked number 230, TSI's five-year revenues grew 1,300 percent.

"We are honored to receive this market recognition," said Michael Levy, TSI's Founder and Chairman, "TSI's extensive growth is the result of the organization's commitment to developing and implementing optimization models that help our retail clients maximize profit and reduce inventory investment risk. We're thrilled with the gross margin improvement our clients are achieving by utilizing our solutions and are excited by the growth opportunities the success has afforded us."

The Ranking of the Technology Fast 500 was published in the November 29, 1999 issue of *Forbes ASAP*. The list is compiled from winners of Deloitte & Touche's 19 regional U.S. programs, nominations submitted directly to the Technology Fast 500, and from a public company database search. To be considered for the Technology Fast 500 companies must be in business a minimum of five years, have 1994 revenues of at least \$50,000, be headquartered in the U.S. and offer a technology product or service. More information about the award can be found at [www.fast500.com](http://www.fast500.com).

Overall growth rates for Fast 500 winners averaged 4,998 percent growth, a figure 69 percent higher than the average growth rate for last year's Fast 500 winners. Fast 500 winners for 1999 had combined revenues of \$75.9 billion in 1998. Five-year growth percentages for 1999 Fast 500 winners ranged from 535 to 782,978 percent.

\* \* \*

Technology Strategy Inc. provides leading retailers with solutions that bring precision and predictability to inventory investment and pricing strategies. Its mathematical

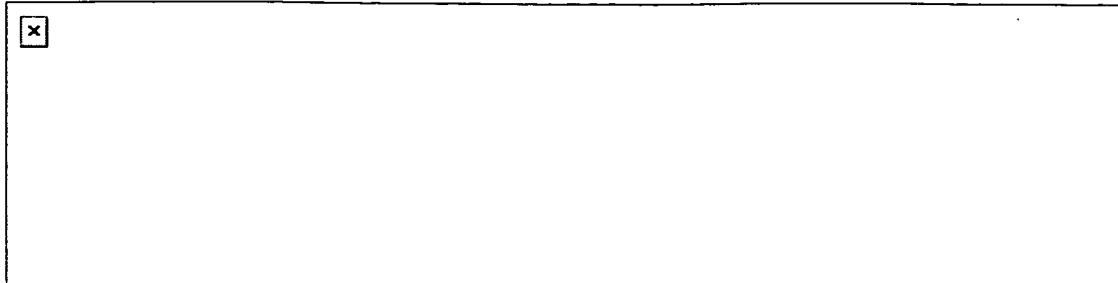
optimization models help retailers understand the likely impact of all buying and pricing decisions on their bottom line and enable them to make decisions that lead to maximum gross margin. Founded in 1984, and headquartered in Cambridge, Massachusetts, TSI is staffed by a team of mathematicians, physicists and retail consulting professionals. It is privately held and can be reached at [www.grossprofit.com](http://www.grossprofit.com).



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## News

### Press Release

Cambridge, MA, July 15, 1999

*FOR IMMEDIATE RELEASE*

#### **Federated Department Stores Selects TSI Gross Profit Optimization Solution**

Technology Strategy Inc. (TSI), a leading provider of mathematical solutions for gross profit maximization and risk management for retailers, today announced that Federated Department Stores, Inc. (NYSE: FD) has selected it to develop and implement a markdown optimization model. The initial pilot will focus on the children's business of the Macy's West division. Federated is the largest department store retailer in the US, with more than 400 stores in 33 states. In addition to Macy's West, Federated operates seven other prestigious chains, including Bloomingdale's, as well as several leading direct mail and e-commerce businesses.

The TSI initiative will apply advanced mathematics and rigorous analytics to the markdown planning process, identifying the optimal timing and depth of price changes by style. According to Liz Hauer, senior vice president at Macy's West, "The TSI Markdown Optimization Solution should enable us to maximize gross margin dollars on every style by providing a level of precision in determining optimal timing and price-level that is impossible using standard methods. Our expectation is that gross margin dollar performance in the children's area will improve by 10 percent or more as a result of this effort."

Michael Levy, TSI's president, has noted that "TSI is thrilled to add Federated and Macy's West to our growing list of leading retailers who are recognizing the value that can be created by marrying merchandising intuition with mathematical precision." Levy adds that, "Federated is known for its innovative uses of technology to enhance performance, and TSI is pleased to have the opportunity to help Macy's West build upon its already enviable record of success."

The program will be implemented in time for the '99 fall season.

\* \* \*

Technology Strategy Inc. provides leading retailers with solutions that bring precision

and predictability to inventory investment and pricing strategies. Its mathematical optimization models help retailers understand the likely impact of all buying and pricing decisions on their bottom line and enable them to make decisions that lead to maximum gross profit. Founded in 1984, and headquartered in Cambridge, Massachusetts, TSI is staffed by a team of mathematicians, physicists and retail professionals. It is privately held and can be reached at [www.grossprofit.com](http://www.grossprofit.com).



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